



NASA Procedural Requirements

COMPLIANCE IS MANDATORY

NPR 9635.1

Effective Date: September 30,
2008

Expiration Date: September
30, 2013

Billings and Collections

Responsible Office: Office of the Chief Financial Officer

Table of Contents

Preface

- P.1 Purpose
- P.2 Applicability
- P.3 Authority
- P.4 Applicable Documents
- P.5 Measurement/Verification
- P.6 Cancellation

Chapter 1. Billings and Collections

- 1.1 Overview
- 1.2 Agency Requirements
- 1.3 Roles and Responsibilities

Chapter 2. Deposits

- 2.1 Overview
- 2.2 Agency Requirements
- 2.3 Roles and Responsibilities

Appendix A. Definitions

Appendix B. Debt Collections and Demand Letters

Appendix C. Interest, Penalties, and Administrative Charges

Appendix D. Referral of Debt to the Department of the Treasury

Appendix E. Referral of Debt to the Department of Justice (DOJ) for Litigation

Appendix F. Compromise, Suspend, or Terminate Debt Collection Activity

Appendix G. Internal Revenue Service (IRS) Form 1099-C, Cancellation of Debt, Reporting

Appendix H. Invoice Preparation

Preface

P.1 Purpose

This NASA Procedural Requirements (NPR) provides the financial management requirements for billings and collections.

P.2 Applicability

This NPR is applicable to NASA Headquarters and NASA Centers, including Component Facilities and Technical and Service Support Centers. This language applies to JPL, other contractors, grant recipients, or parties to agreements only to the extent specified or referenced in the appropriate contracts, grants, or agreements.

P.3 Authority

- a. 5 U.S.C. § 5584, "Claims for Overpayment of Pay and Allowances, and of Travel, Transportation, and Relocation Expenses and Allowances."
- b. 31 U.S.C. § 3302, "Custodians of Money."
- c. 31 U.S.C. § 3324, "Depositing, Keeping, and Paying Money."
- d. 31 U.S.C. § 3711, "Collection and Compromise."
- e. Debt Collection Improvement Act of 1996, Public Law 104-134, Section 31001, 110 Stat. 1321-358.
- f. 14 CFR Part 1261, "Processing of Monetary Claims."
- g. 31 CFR Part 202, "Depositories and Financial Agents of the Federal Government."
- h. 31 CFR Part 285, "Debt Collection Authorities under the Debt Collection Improvement Act of 1996."
- i. 31 CFR Part 361, "Claims Pursuant to the Government Losses in Shipment Act."
- j. 31 CFR Part 900-904, "Federal Claims Collection Standards."
- k. Office of Management and Budget (OMB) Circular No. A-25, User Charges.
- l. OMB Circular No. A-129, Policies for Federal Credit Programs and Non-Tax Receivables, Section IV and V of Appendix A.
- m. Treasury Financial Manual (TFM) Supplement, "Managing Federal Receivables."
- n. TFM, Volume I, Part 5, "Deposit Regulations."
- o. TFM, Volume I, Part 6, Chapter 4000, "Intra-governmental Payment and Collection (IPAC) System."
- p. NASA Policy Directive (NPD) 9010.2, "Financial Management."

P.4 Applicable Documents

- a. NPR 9610.1, "Accounts Receivable."
- b. NPD 9645.2, "Delegation of Authority to Waive Claims for Erroneous Payment of Pay and Allowances, Travel, Transportation, and Relocation Expenses and Allowances."

P.5 Measurement/Verification

Quality assurance reviews and analysis of financial and budgetary reports and data submitted through the continuous monitoring program will be used to measure compliance with this NPR.

P.6 Cancellation

None.

/S/

Terry Bowie

NASA Deputy Chief Financial Officer

Chapter 1. Billings and Collections

1.1 Overview

1.1.1 This chapter establishes requirements for the billing and collection of amounts due to NASA from others. The terms invoice and bill are used synonymously in this chapter. Whenever possible, NASA should use electronic billing and collection mechanisms documented in the Department of Treasury's (Treasury) Financial Manual (TFM).

1.2 Agency Requirements

1.2.1 Collections.

1.2.1.1 Accounting for Collections. NASA debt collections are processed through Treasury and will be sent to NASA on a bi-weekly basis via the Intragovernmental Payment and Collection (IPAC) system to the appropriate Agency Location Code. Upon receipt of reports from Treasury, collections should be accounted for in the following manner:

- a. Principal should be credited to the appropriate accounts receivable general ledger account.
- b. Interest should be credited to General Fund Proprietary Interest, Not Otherwise Classified fund (801435).
- c. Penalty charges should be credited to Fines, Penalties, and Forfeitures, Not Otherwise Classified fund (801099).

1.2.1.2 Collections must be promptly recorded in the system and subsequently reconciled. The NASA Shared Services Center (NSSC) shall use the Integrated Enterprise Financial Management (IEFM)/Core Financial (CF) system to support the identification and compromise of delinquent debts by:

- a. Recording all financial data related to the debts in a timely and accurate manner.
- b. Tracking the status of requests for compromise, suspension, or close-out of debts.
- c. Generating the Internal Revenue Service (IRS) Form 1099-C "Cancellation of Debt."

1.2.1.3 Communication from Debtor. NASA collection agents shall respond promptly to communications from the debtor, within 30 days, whenever feasible, and will advise any debtors, who dispute the debt, to furnish available evidence to support their contentions.

1.2.1.4 Installment Payments.

1.2.1.4.1 Whenever feasible and except as otherwise provided by law, debts owed to NASA together with interest, penalties, and administrative costs, as required, should be collected in full in one lump sum. This is true whether the debt is being collected by administrative offset or by another method, including voluntary payment. However, if the debtor is financially unable to pay the indebtedness in one lump sum, payment may be accepted in regular installments. The NASA collection officer should obtain financial statements from debtors who represent that they are unable to pay in one lump sum and independently verify such representations, whenever possible (31 CFR 901.8.a). If NASA agrees to accept payment in regular installments, the NASA collection officer will obtain a legally enforceable written agreement from the debtor which specifies all of the terms of the arrangement and which contains a provision accelerating the debt in the event the debtor defaults.

The size and frequency of installment payments should bear a reasonable relation to the size of the debt and the debtor's ability to pay. If possible, the installment payments should be sufficient in size and frequency to liquidate the Government's claim in not more than 3 years and should be no less than \$50 per month.

1.2.1.4.2 If the debtor owes more than one debt and designates how a voluntary installment payment is to be applied to those debts, that designation must be followed. If the debtor does not designate the application of the payment, the collection agent should have payments applied to the various debts in accordance with the best interests of the United States, as determined by the facts and circumstances of the particular case, paying special attention to applicable statutes of limitations (14 CFR 1261.411).

1.2.1.5 Interest, Penalties, and Administrative Charges. Debtors are expected to adhere to payment terms stated in a contract, debt instrument, or notice of indebtedness (demand letter). Interest, administrative charges, and penalties will be assessed on all overdue payments, unless a waiver is granted or except as otherwise provided in 14 CFR 1261.412(g), (h), and (i) or a specific statute. Refer to Appendix C for additional information on interest, penalties, and administrative charges.

1.2.1.6 Waiver for Late Charges. NSSC shall assess late charges, unless a waiver has been received from Treasury. Any request for such waiver shall be sent to the Director, Financial Management Division, NASA Headquarters, for submission to Treasury.

1.2.1.7 Delinquent Debt.

1.2.1.7.1 Enforcement of Collection. Generally, a debt is considered "delinquent" when not paid by the date specified in the initial written notification or applicable contractual agreement (unless other satisfactory payment arrangements have been made by that date) or if, at any time thereafter, the debtor fails to satisfy obligations under a payment agreement. Contract overpayments, fines, penalties, and other debts are delinquent when the debtor does not repay or resolve the debt within 30 days after the day notification of the debt is mailed to the debtor (within 30 days of the payment due date for contractual agreements). A debt is not delinquent if the debtor has entered into a repayment agreement and all payments are current in accordance with the new agreement.

1.2.1.7.2 Collection Follow-up. NSSC shall take aggressive action on a timely basis, with effective follow-up, to collect all claims of the United States for monies or property arising out of NASA activities, and to cooperate with the other Federal agencies in debt collection activities. Details for NASA collections are codified in 14 CFR 1261.4.

1.2.1.7.3 Demand Letters. Appropriate written demands shall be made promptly to a debtor of the United States in terms that inform the debtor of the consequences of failure to cooperate. NSSC shall follow the procedures established in 12 CFR 1261.407 in making demands for payment. Appendix B contains additional information on debt collections and demand letters.

1.2.1.7.4 Aging Delinquent Collections. Accounts receivable will be aged at 30-day intervals from the due date until collected or determined to be uncollectible. NSSC must maintain information on the number, amount, age, and collection status of accounts receivable and on uncollectible accounts, which, have been written off. When collection efforts are delayed or not successful, functional offices should be notified in order to avoid generating new receivables with debtors who have a history of delinquency or are unwilling or unable to pay.

1.2.1.7.5 Referring Public Debt to Treasury. The Debt Collection Improvement Act (DCIA) of 1996 authorized Treasury to provide delinquent debt collection services for all Government agencies. Additionally, the DCIA requires Federal agencies to refer debts that are over 180 days delinquent to Treasury for cross servicing. Appendix D provides additional information on referring public debt to

Treasury and list exceptions in which debt is not required to be referred to Treasury.

1.2.1.7.6 Write-off of Public Delinquent Debt. The write-off of public delinquent debt will occur when it has been determined that the debt has no value for accounting purposes, reasonable collection efforts have been exhausted, there is less than 50 percent likelihood that the debt will be collected, and the cost of further collection action will probably exceed the amount that could be collected. NASA may write-off public debt when the debt is referred to Treasury and the determinations above are met. Refer to NPR 9610_1, Accounts Receivable, for more information concerning debt write-off.

1.2.1.7.7 Generally, write-off is mandatory for delinquent public debts older than two years, unless material collections can be documented to occur after two years and NASA can justify to OMB and Treasury. When estimated collections become immaterial for debt over two years old, the debt can be written-off. The requirements in section 1.2.1.7.6 permit NASA to write-off debt sooner than two years old.

1.2.1.7.8 Written-off debt shall be classified as currently not collectible (CNC) or close-out. Debt that is referred to Treasury shall be classified as CNC until Treasury has notified NASA that collection activity is being terminated. Once collection activity is terminated, NASA shall classify the debt as close-out. NASA can also classify the debt as close-out if determined that the collection activity is legally barred or is no longer cost effective to pursue debt collection.

1.2.1.8 Suspension or Revocation of License or Eligibility; Liquidation of Collateral. In seeking the collection of statutory penalties, forfeitures, or debts provided for as an enforcement aid or for compelling compliance, NASA will give serious consideration to the suspension or revocation of licenses or other privileges for any inexcusable, prolonged, or repeated failure of a debtor to pay such a claim (14 CFR 1261.410).

1.2.1.9 NASA Internal Administrative Offset.

1.2.1.9.1 Salary Offset. It is NASA's policy that NSSC must aggressively collect all debts owed to NASA. If a debt owed by a NASA employee becomes delinquent, the initial demand letter must include a statement that if payment is not received within 30 days, NASA will take action to collect the debt by offset of the employee's salary. In such a situation, NSSC must comply with the requirements of 14 CFR 1261.6.

1.2.1.9.2 Administrative Offset (Internal Offset). NSSC should, unless specifically prohibited, offset future NASA payments to the delinquent debtors, until the debt has been paid in full. The Code of Federal Regulations, 14 CFR 1261.5, sets out the requirements for administrative offset of claims. NSSC must determine whether collection by administrative offset is feasible and legal. The determination must be made on a case-by-case basis, in the exercise of sound discretion. NSSC should consider not only whether administrative offset can be accomplished, both practically and legally, but also whether offset is best suited to further and protect all of the Government's interests. In appropriate circumstances, NSSC may give due consideration to the debtor's financial condition and is not required to use offset in every instance in which there is an available source of funds. NSSC may also consider whether offset would tend to substantially interfere with or defeat the purposes of the program authorizing the payments against which offset is contemplated.

1.2.1.10 Other Available Collection Methods. The following collection methods are available to Federal agencies; however, it is NASA's policy to make use of the Treasury's cross servicing program for debt collection. If NSSC believes that use of one of the following methods is appropriate, NSSC must contact the OCFO Financial Management Division for prior approval.

a. Use of a Consumer Reporting Agency. NASA has authority to turn over information about the

debtor to a Consumer Reporting Agency. The terms and conditions for this are in 14 CFR 1261.408.

b. Use of Collection Agency. NASA has authority to turn over collection of debt to a collection agency. The terms and conditions in which this authority can be used are in 14 CFR 1261.409.

c. Garnishment. Notwithstanding any provision of state law, the head of an executive, judicial, or legislative agency that administers a program that gives rise to a delinquent non-tax debt owed to the United States by an individual may in accordance with 31 U.S.C. § 3720 D garnish the disposable pay of the individual to collect the amount owed, if the individual is not currently making required repayment in accordance with any agreement between the agency head and the individual. NASA officials shall coordinate with the Office of the General Counsel to determine the legality of garnishment. NASA officials shall obtain a wage garnishment order through Treasury. The Department of Interior (DOI) in Denver, CO is the payroll processing office for NASA. Court orders and other documents effecting garnishment must be processed in the Denver office.

d. NASA Office of the Inspector General (OIG) Investigations. At the request of the Agency Deputy Chief Financial Officer (DCFO), the OIG will, where practicable, conduct such investigations as may assist in the collection, compromise, or referral of claims of the United States, including investigations to determine the location and financial resources of the debtors. Any claim which may indicate fraud, presentation of a false claim, or misrepresentation on the part of the debtor or any other party having an interest in the claim, shall be referred to the Inspector General (IG), NASA Headquarters, or to the nearest office of the NASA IG. After conducting an investigation, the IG will notify the official as to the findings and disposition of the claim. Claims with evidence of such wrong doing will be referred to the Department of Justice (DOJ). If the IG found that there is no indication of such wrong doing, the IG will return the claim to the official from whom it was received as described in 14 CFR 1261.404.

1.2.1.11 Release of Indebtedness. Upon receipt of full payment of a claim or the amount in compromise of a claim, the NASA collection agent will prepare and execute, on behalf of the United States, an appropriate release, which shall include the provision that the claim release shall be void if procured by fraud, misrepresentation, the presentation of a false claim, or mutual mistake of fact.

1.2.1.12 Authority to Compromise, Suspend, or Terminate Collection of Public Debt Other than Recoupment of Employment Related Over Payments. Authority to compromise, suspend, or terminate collection of public receivables within NASA's jurisdiction with a principal balance less than \$100,000 is identified in 31 U.S.C. § 3711, OMB Circular No. A-129, and 14 CFR 1261.4. See Appendix F for more detailed procedures. The authority to terminate collection of debts having principle balance greater than \$100,000 rests with the U.S. Attorney General.

1.2.1.13 Waive Claims for Erroneous Payment of Pay and Allowances, Travel, Transportation, and Relocation Expenses and Allowances. As previously stated, NASA's policy is to aggressively pursue the collection of all delinquent debts. The authority granted in this section may only be used when the situation meets the criteria established in 5 U.S.C. § 5584(a) that reads, "The collection of which would be against equity and good conscience and not in the best interest of the United States." NPD 9645.2 delegates authority for the waiver of claims resulting from erroneous payments of pay and allowances, travel, transportation, and relocation expenses and allowances made to or on behalf of NASA employees. The NPD identifies the officials authorized to grant waivers, the amounts they may approve as well as the offices that should review and coordinate on each proposed waiver.

1.2.1.14 Debt Close-out. Close-out of a debt is the process of terminating collection efforts. Despite write-off, it may be appropriate to maintain subsidiary records of individual accounts so that debts may be collected by offset against future benefit claims. Debts shall be closed out (collection actions terminated) when one or more of the following apply:

- a. The debtor cannot be located; no assets that can be liquidated to pay the debt can be found; or the Federal statute of limitations has expired for litigation (six years) and administrative offset (10 years) and the statutes of the State in which the debtor resides preclude further collection.
- b. The debt cannot be substantiated because of a lack of evidence or witnesses to validate a claim (such debt cannot be referred to IRS as taxable income).
- c. The debt is considered to be legally without merit upon a determination that the debt was never owed and was erroneously classified as a debt.
- d. Any substantial amount of the debt cannot be collected because:
 - (1) A judgment has been obtained and the application of all collection techniques failed to produce full collection.
 - (2) A collection agency has been unable to collect the debt and has returned it with sufficient documentation to demonstrate the debt is uncollectible.
 - (3) The borrower has been declared bankrupt and no further prospects for worthwhile recovery is available.
- e. Estimated collection costs exceed the estimated recoverable amount.
- f. The Center or NSSC has been advised by Treasury Financial Management Services (FMS) that all reasonable efforts to enforce collection have been exhausted and the balance of the debt should be written off.

1.2.1.15 Reinstated Collection Action. Collection action on closed-out accounts should only be reinstated if evidence subsequently obtained indicates that a debtor has the ability to repay a substantial portion of the debt (25 percent or more) and the statute of limitations has not yet expired.

1.2.1.16 Loss of Checks Prior to Deposit. When a check submitted to NSSC to cover an indebtedness (Accounts Receivable) is lost, destroyed or mutilated, NSSC will immediately request the drawer to stop payment on the original check and to submit or replace the check without the execution of an agreement of indemnity (see 1 TFM 5-5030). If a replacement check cannot be obtained without giving an agreement of indemnity, NSSC will transmit the case promptly to the following address:

Department of the Treasury
Bureau of the Public Debt
Division of Financial Management
P.O. Box 1328 Parkersburg, WV 26106-1328
(Telephone 304-480-8200)

1.2.2 Billing.

1.2.2.1 Invoice preparation and the mandatory letters of notification are automated in the Integrated Enterprise Management Program/Core Financial (IEMP/CF) system. Invoices shall be printed from IEMP/CF and mailed promptly to the debtor by the due dates.

1.2.2.2 IEMP/CF shall provide analytical capability to assist in determining delinquent debts including; aging of accounts receivable, tracking of delinquent accounts, with printed and on-line report capability.

1.2.2.3 Interest penalties, other penalties, and administrative cost shall be calculated by the Center/NSSC and recorded in IEMP/CF.

1.2.3 Billing and Collection Mechanisms. To the maximum extent possible and consistent with statutory authority, NASA shall use the electronic mechanisms available through Treasury FMS for billing and collection activity. NASA will use other processes only when absolutely necessary due to system malfunction, or as required by statute or contractual or other legal agreements. Users should refer to Treasury's web site for detailed information on billing and collection mechanisms.

1.2.4 Manual Billing. When manual billing is required, users should use the following forms for billing. Manual billing shall be posted in IEMP/CF before mailing.

- a. Optional Form 1114, Bill for Collection, should be used to bill debtors other than other Federal agencies. Letters and other supportive documents, when necessary, should be used to transmit and explain the billing.
- b. Standard Form 1080, Voucher for Transfer between Appropriations and/or Funds, should be used to bill other Government agencies when either the billing or the paying agency is not serviced by a Treasury financial center or the IPAC system can not be used.
- c. Standard Form 1081, Voucher and Schedule of Withdrawals and Credits, should be used to bill other Government agencies when both the billing and the paying agency are serviced by a Treasury financial center. Before using a Standard Form 1081, the agency must be contacted to ensure that it cannot accept IPAC charges.

1.3 Roles and Responsibilities

1.3.1 Collection Agents.

1.3.1.1 Collection agents are NASA employees who are appointed to manage NASA collection process. Appropriate written notification to each selected employee will be prepared to document the designation and outline the responsibilities of the position. A copy of the notification must be retained.

1.3.1.2 Collection agents are to receive detailed notification of billings for collection and ensure the requirements in this chapter are followed. Collection agents should regularly review and ensure that the most effective and appropriate collection and debt collection mechanisms are being applied to NASA receivables.

1.3.1.3 Collection agents are responsible for the following:

- a. Collecting all monies due the Center pursuant to properly prepared billing documentation.
- b. The prompt and proper disposition of all monies received in accordance with NPR 9635.1, "Billings and Collections", Chapter 2 for Deposits.
- c. Safeguarding against physical loss of funds by performing the responsibilities outlined in NPR 9050.4, "Cash Management", Chapter 3, "Improper Payments and Loss of Funds."
- d. Providing appropriate internal controls. Collection agents will not be responsible for maintaining accounting records that serve as the basis for billing. Nonetheless, collection agents shall be fully apprised of and be able to report on the status of all collections for which they are responsible.
- e. Ensuring that collections are recorded accurately and timely in NASA's accounting system. This includes performing or overseeing the reconciliation of system reports on collections and billings.
- f. Responding promptly to communications from the debtor within 30 days, whenever feasible, and advising debtors who dispute the debt to furnish available evidence to support their contentions.

- g. Serving as NASA's representatives for compromise of debt.
- h. Maintaining reports on the need for compromise of debt and the status of debt compromise.
- i. Any debt compromise or termination of collection actions must be approved by the Center Director or designee in accordance with 14 CFR 1261.400-600.

1.3.2 Center Directors shall serve as the deciding official in the case of proposals to compromise or terminate collection action on debts up to \$100,000 that do not require referral to DOJ.

1.3.3 Center CFOs and Deputy CFOs shall:

- a. Review all proposed compromise or termination of collection actions prior to submission to the Center Director (or designee) for approval.
- b. Centers must maintain a close liaison with NSSC to ensure that the receivables for which they are responsible are appropriately serviced and accounted for.

1.3.4 The NSSC shall:

- a. Provide billing and collection services including assembling, reviewing, processing, recording, reporting, and reconciling commercial and government bills and collections.
- b. Use the Core Financial software to perform the financial management activities and use the Business Warehouse (BW) for reporting, query and reconciliation activity.
- c. Adhere to the Financial Management NPRs, NASA's Enterprise Performance Support System (EPSS), and other applicable Federal regulations and NASA policies and procedures.
- d. Process receivables from the receipt of the initial notice of indebtedness to the final collection based on acceptance by NASA.

Chapter 2. Deposits

2.1 Overview

2.1.1 This chapter establishes requirements for the deposit of money in the custody of NASA employees and agents. The NSSC must coordinate with the Agency CFO and DCFO before changing or implementing new deposit mechanisms or practices.

2.2 Agency Requirements

2.2.1 NASA Office of the Chief Financial Officer (OCFO) shall guide and coordinate the implementation and utilization of the most modern available deposit mechanisms offered by Treasury to ensure that NASA uses secure and effective deposit practices for the deposit of money in the custody of NASA employees and agents.

2.2.2 Electronic Funds Transfer shall be used for deposits whenever possible. In most cases, commercial banking institutions are approved by Treasury as general depositories to accept NASA deposits. In some cases, the Federal Reserve Banks (FRBs) may be used as depositories. Collectively, the general depositories and the FRBs are called depositories. As such, making a deposit in a depository is considered to be making a deposit in Treasury. NSSC must coordinate any prospective changes with the Agency CFO and DCFO.

2.2.3 Financial Institutions (FIs). The Treasury FMS determines those financial institutions eligible to be designated as general depositories. These may include credit unions, banks, savings banks, savings and loan, building and loan, and homestead associations if they meet the criteria established by the Treasury.

2.2.4 If FMS determines that it is not cost effective for an agency to use a commercial bank, or that a commercial bank is not available, FMS will authorize the agency to make deposits at the nearest FRB. Should NSSC need to use an FRB, the following restrictions and conditions apply:

- a. The FRBs will not accept walk-in deposits. NASA must deliver deposits to the FRB either by a courier, an armored car service, or by mail if specifically authorized in writing by FMS. Such an authorization is granted for mailing in deposits if the deposit consists of only Treasury checks.
- b. After FMS has designated the FRB, NASA must contact that FRB for a CASHLINK Identification Number (CIN) and any other preliminary instructions. The FRB uses the CIN, derived from the agency location code (ALC), to identify agency transactions.
- c. Deposits made at FRBs must not contain cash. Convert cash to a money order and deposit the money order along with the checks. Centers shall bear the cost of the money order.

2.2.5 Establishing or Changing General Depositories. When the NSSC needs to establish or change general depositories, a request should be submitted to the Agency CFO and DCFO for approval and processed through Treasury FMS. Treasury's TFM, Volume 1, Part 5, Chapter 4000 provides the information that should be included in the request.

2.2.6 Lockbox Depositors. With the approval of Agency CFO or DCFO and Treasury FMS, NSSC shall enter into agreements with commercial depositories to perform Lockbox services. This permits them to act as agents for NASA's deposit activities.

2.2.7 Timeliness of Deposits.

2.2.7.1 NSSC shall ensure deposits are made without delay. Money is required to be deposited not later than the third day after the custodian receives it unless due to the deposit practices listed in paragraphs 2.2.7.3.a and 2.2.7.3.e below.

2.2.7.2 Treasury FMS requires advance notification before large deposits are made. Anticipated deposits totaling \$50 million or more must be reported in advance of the transaction settlement date to Treasury FMS. A minimum of two days notice is required for these deposits. Anticipated deposits of \$500 million require five days advanced notice. When specific deposit information has not been finalized, NSSC must inform Treasury FMS daily (by 9:30 a.m. eastern time) of approximate amount(s) and approximate deposit date(s).

2.2.7.3 Other deposit practices NSSC shall adhere to are:

- a. Receipts totaling \$5,000 or more will be deposited on the same day received prior to depository cutoff time.
- b. Deposits will be made as late as possible prior to the specified cutoff time to maximize daily deposit amounts.
- c. Money received too late in the day to meet the deposit cutoff time must be deposited the following business day.
- d. Adequate internal controls shall be in place to ensure the security of all undeposited funds.
- e. Collections totaling less than \$5,000 may be accumulated and deposited when the total reaches \$5,000. However, deposits will be made by Thursday of each week, regardless of the amount accumulated.
- f. Generally, limit deposits to one per day per deposit site. However, when beneficial to the Government, multiple daily deposits may be made.
- g. NSSC's policy is to deposit all checks through the Treasury's Paper Check Conversion process with the exception of checks drawn on non-U.S. banks or for non-U.S. funds. These checks will be manually deposited at the local commercial bank. The mailing of deposits (versus hand-carrying) to FRBs or commercial banks may be done only when specifically authorized in writing by Treasury FMS. In these cases, the deposit timeframe requirements apply to the timely mailing of deposits.
- h. When a deposit consists only of Treasury checks, NASA collection agents are authorized to mail those checks to the nearest FRB or commercial bank. Treasury checks totaling \$5,000 or more are to be mailed to the nearest FRB or commercial bank on the day received. The Treasury FMS has granted NASA a waiver from the requirement to deposit Treasury checks totaling \$5,000 or more to FRB's. NASA can make deposits to the Treasury General Account through a more conveniently located commercial bank. NASA can still use FRB's, but is not required to do so. A separate Standard Form (SF) 215, Deposit Ticket, will be prepared and submitted to the FRB or commercial bank for processing.
- i. Intragovernmental Payment and Collection System (IPAC) or other mechanism for which the agency has Treasury FMS approval, will be used for the transfer of funds between agencies.

2.2.8 Records of Deposits. Use SF 215, Deposit Ticket and SF 5515, Debit Voucher when making deposits to depositories.

2.2.8.1 Record of Checks Deposited. NSSC will maintain records and copies of checks according to the procedures documented in Treasury's TFM, Volume 1, Part 5, Chapter 2000, which include the

specific information that should be shown on the record for each check deposited. Records of checks deposited at the NSSC will be kept in the NSSC's official record retention system and are also located at the Treasury Paper Check Conversion Over the Counter website. NSSC shall ensure that records are available for the Deposit Ticket and Debit Voucher along with records of deposited checks including:

- a. Cross-reference of each check to the applicable SF 215 or other deposit ticket.
- b. Include sufficient detail to process a stop payment and obtain a duplicate check, if necessary. Users should refer to TFM, Volume 1, Part 5, Chapter 2000 for additional detailed information.

2.2.8.2 Retention of Check Copies. NSSC shall make copies of check deposits before dispatch to allow time for replacement if the shipment or any part thereof is lost or destroyed in transit. Copies of the actual checks may be sent to a financial institution for collection, in place of the original checks. NASA must indemnify the financial institution by a written promise to hold them faultless if both the original check and the copy are paid and to repay the financial institution should NASA receive duplicate credit.

2.2.8.3 The Government Losses in Shipment Act, as amended (40 U.S.C. Supplement III, 72 1-726), covers the shipment of deposits prepared and made per the Act's prescribed regulations. Therefore, the Centers and NSSC shall not insure such remittances.

2.2.8.4 NASA's accounting system has an on-line reporting and reconciliation capability to verify deposits against CA\$HLINK listings, lockbox postings/payment program postings, and IPAC error reports. NSSC shall use this capability.

2.2.9 Deposit Mechanics.

2.2.9.1 A Treasury General Account is a bank account in a commercial depository or other financial institution where initial deposits are made by agencies.

2.2.9.2 Requirements for the Deposit Ticket. Collected funds requiring payment are received in the form of cash or paper check. NSSC shall prepare deposits according to Treasury Financial Manual requirements and this chapter for electronic generation of the SF 215, Deposit Ticket.

2.2.9.3 Should Centers or NSSC detect counterfeit currency, the Secret Service should be notified immediately.

2.2.9.4 Treasury FMS may establish, upon request of the FRB concerned, special sorting requirements (on an individual agency or location basis) for deposits including more than 1,000 items on a daily basis. The depositors must perform existing special sorting arrangements as applicable.

2.2.9.5 To the extent possible, NSSC will use the electronic options available through Treasury FMS.

2.3 Roles and Responsibilities

2.3.1 NASA Centers shall:

- a. Record down payments for reimbursables.
- b. Promptly forward all receipts of payments to the NSSC for deposit.

2.3.2 NSSC shall:

- a. Ensure deposits are made at the nearest commercial bank or FRB designated and authorized by Treasury FMS.
- b. Process receivables for Centers from the receipt of the initial notice of indebtedness to the final collection and deposit based on acceptance by NASA.

Appendix A. Definitions

A.1 Administrative Charges for Delinquent Debt. Administrative charges for delinquent debt represent the additional costs incurred in processing and handling delinquent debts. The amount charged is based on actual costs incurred or on cost analyses, which established average actual additional costs.

A.2 Administrative Offset (as defined in 31 U.S.C. § 3701(a)(1)). Administrative Offset is the process of withholding funds payable by the United States (including funds payable by the United States on behalf of a State government) to, or held by the United States for, a person to satisfy a claim. The payee may be a natural person or persons, profit or non-profit corporation, partnership, association, trust, estate, consortium, or other entity that is capable of owing a debt to the United States Government except that agencies of the United States or of any State or local government shall be excluded.

A.3 Collection Agent. Collection agents are NASA employees who are appointed by Center CFOs to manage the collection process.

A.4 Collection Mechanism. A collection mechanism is a tool or system by which monies owed to NASA are transferred or credited to NASA from the Public or another agency.

A.5 Date of Delinquency. The date of delinquency is the payment due date for an installment payment and the date of mailing of notice for an administrative debt.

A.6 Debt Compromise. A debt compromise is an agreement between the debtor and NASA that settles the debtor's liability for less than the full amount of the debt.

A.7 Debtor. A debtor is any person, organization, or entity, other than another Federal agency that owes an amount of money to NASA.

A.8 Delinquent Debt. Delinquent debt is any debt not paid by the date specified in the initial written notification (e.g., 14 CFR Chapter 5 Sec. 1261.407) or applicable contractual agreement, (including a post-delinquency payment agreement) unless other payment arrangements have been made.

A.9 Demand Letter. A demand letter is a written notification sent to a debtor when the initial billing is not paid within 30 days requiring the debtor to make payment. The demand letter informs the debtor of both the consequences of failure to liquidate the debt, and the due process provisions that are applicable to the debt.

A.10 Fedwire Deposit System. The Fedwire Deposit System is an electronic funds transfer system developed and maintained by the Federal Reserve. The system connects Federal Reserve Banks (FRB), the Treasury and Government agencies, and depository institutions that maintain an account at an FRB.

A.11 Interest Charges for Delinquent Debt. Interest charges are applied to delinquent debts to compensate the government for the loss of the use of funds when the debt is not paid timely and accrues from the date of the delinquency.

A.12 IPAC System. The IPAC system is an automated system used to electronically bill and collect for services rendered and supplies delivered to other Federal Agencies. The IPAC system, which is a component of the Government On-Line Accounting Link System (GOALS), establishes a standardized interagency billing and adjustment procedure via a telecommunication network. Authorized personnel use the IPAC system for billing and collecting from other government

agencies. IPAC is designed to preclude the need for agencies to request check payments which create disbursement and collection float costs.

A.13 Penalty Charges for Delinquent Debt. Penalty charges are applied to any portion of a debt that is outstanding for more than 90 days, including interest and administrative charges. Penalty charges discourage delinquencies and encourage early payment of the delinquent debt in full.

A.14 Remittance Express (REX). Remittance Express is a program designed to improve and streamline the process by which private sector remitters initiate payments (ACH credits) to the Federal Government. REX allows a Federal agency to use the ACH network to receive payments from its remitters.

A.15 Suspended Debt Collection. Suspended debt collection is the term used to describe the status of a debt when active collection efforts are deferred for a period of time. Center should consider suspension only when evidence indicates that doing so will enhance the chances of collection. During a period of suspension, passive collection may continue when appropriate.

Appendix B. Debt Collections and Demand Letters

B.1 In general, the following sequence of events is to be followed for the collection of debts owed to NASA. NASA (through NSSC) will send a bill to the debtor containing a specific due date. If the debtor does not respond, the NSSC must issue two demand letters. If the debtor does not respond to the demand letters, the debt is to be referred to Treasury for collection after the debt is over 180 days delinquent (refer to Appendix D). If the debt is not paid within 24 months of the time it became delinquent, the Center responsible for the debt shall write-off the debt in its accounting records. Treasury will continue to collect the debt for up to 6 years. If the debt is collected after it is written off, the amount collected must be deposited to miscellaneous receipts. If treasury returns the debt as uncollectible, the Center and NSSC must close out the debt and in most cases NSSC must issue an IRS 1099-C (refer to Appendix G) in the amount of the debt that was not collected.

B.2 Demand Letters

B.2.1 First Demand Letter.

B.2.1.1 Oral or Written Notice and Hearings. Before implementing the actions in the following sections, NSSC shall affirm proper written notice was given to the debtor. Moreover, NSSC must coordinate with the Office of General Counsel (OGC) to determine if NASA is required to afford a debtor a hearing or review within the Agency and to assure all rights of the debtor and legal requirements are honored. In those cases where an oral hearing is not required, the Agency shall nevertheless accord the debtor a paper hearing, that is, the Agency will make its determination on the request for waiver or reconsideration based upon a review of the written record.

B.2.1.2 Future Collection Actions. The first demand letter shall include a statement describing the follow-on actions that NASA will take to collect the debt if it is not paid within 30 days as well as the actions that NASA will take, such as referral to Treasury, after the debt is over 180 days delinquent and the final demand letter has been sent.

B.2.2 Subsequent Demand Letters. If a response is not received within 30 days of the initial demand letter, a second demand letter shall be sent that requests immediate payment. The second demand letter shall also remind the debtor of the actions and timeframes that were identified in the initial demand letter. If no response is received within 30 days of the issuance of the second demand letter, the debt may be referred to Treasury for cross servicing. A third demand letter may be sent to the debtor if the Center has reason to believe that doing so will improve the chances of collection. All demand letters shall include the balance of the debt, any interest, administrative charges, and penalties, and the name, address and telephone number where payment can be sent and questions referred. Refer to Treasury FMS Managing Federal Receivables Guide, Appendix 8, for additional information that must be provided to the debtor. The second demand letter may be the final notice and shall inform the debtor that the account is delinquent and will be referred to Treasury for collection or DOJ for further action, unless:

- a. Full payment of the entire outstanding balance is received within 30 calendar days of the date of the notice.
- b. The debtor provides written disclaimer information within 30 calendar days of the date of the notice.

Appendix C. Interest, Penalties, and Administrative Charges

C.1 Interest, administrative charges, and penalties will be assessed on all overdue payments, except as otherwise provided in 14 CFR 1261.412(g), (h), and (i) or a specific statute.

C.1.1 Interest, Administrative Charges, and Penalties. Interest is assessed on principal only, not on interest, administrative charges, and penalties, except when a debtor has defaulted on a previous repayment agreement or a judgment has been obtained, in which case, interest shall be applied to the outstanding amount of unpaid interest, principal and related administrative charges. The minimum annual rate of interest to be charged is established by Treasury as an average of the current value of funds to Treasury and is published in the Federal Register each year by October 31, with an effective date of January 1. If revised, the new rate will be published in a Treasury's TFM Bulletin on or around the end of the first month of the calendar quarter, and is to be applied to overdue payments arising during the succeeding calendar quarter. The current rate may be obtained from the TFM Service's web site. Interest shall accrue from the date on which a notice of the debt and the interest requirements is first mailed or hand delivered to the debtor, using the most current address available. If a bill is mailed before the debt is actually due, it should include the required notification, and interest may not start to accrue before the debt is actually owed. A higher rate of interest may be assessed if a determination has been made that a higher rate is necessary to protect the U.S. Government. The assessed rate will remain fixed for the duration of the indebtedness, unless a different rate is prescribed in an agreed-to repayment schedule.

C.1.2 Administrative Charges. Administrative charges should cover the additional costs incurred in processing and handling delinquent debts. The amount charged should be based on actual costs incurred or on cost analyses, which established average actual additional costs. Centers shall determine the average cost of collecting delinquent accounts by identifying Center direct and indirect costs incurred in collecting debts from the time they become delinquent until the time collections are made or agency collection efforts cease. For those accounts that are successfully litigated, DOJ post-judgment cost should be determined separately and added to the average cost of collection previously determined. Center costs incurred prior to an account becoming delinquent should not be included in the fee determination since there is no statutory authority to recover these costs.

C.1.3 Penalty Charges. The penalty charge, not to exceed 6 percent per annum, will be assessed on any portion of a debt more than 90 days delinquent, including any interest and administrative costs, unless such charges are specific. The penalty charge will accrue from the date that the debt became delinquent. All charges for late payment will accrue until final payment is received. Penalty payments shall be assessed unless a statute, regulation required by a statute, loan agreement, or contract prohibits charging interest, or assessing charges, or explicitly fixes the interest rate or charges. Penalty payments shall be reported to the Internal Revenue Service to ensure that debtors are prevented from using such penalty payments as a business expense, thereby reducing their tax liability. Amounts received as partial or installment payments will be applied first to accrued penalties, then to accrued administrative charges, then to accrued interest, and finally to the principal, unless otherwise provided in a statute or regulation.

Appendix D. Referral of Public Debt to the Department of the Treasury

D.1 Centers and NSSC should make maximum use of the Cross Servicing debt collection program offered by Treasury. Under this program, the Treasury makes use of all available collection options to collect debts on behalf of Federal agencies.

D.2 The Debt Collection Improvement Act (DCIA) of 1996 (Public Law 104-134) authorized the Treasury to provide delinquent debt collection services for all other Government agencies. This process is referred to as cross servicing. The DCIA also requires agencies to refer debts that are over 180 days delinquent to Treasury. NASA's general policy is delinquent debts from the public for the amount of \$25 or more shall be referred to Treasury's FMS when the debt is delinquent over 180 days unless one of the exceptions in D.3.2 below applies. Refer to Treasury FMS Debt Management Service Cross-Servicing Implementation Guide for requirements when referring debt less than \$100.00. Debt may be referred to Treasury earlier than 180 days if a second demand letter has been sent to the debtor at least 60 days prior to the referral, and the debtor does not respond within 30 days of date on the second demand letter.

D.3 NSSC in consultation with the Centers will be responsible for promptly referring delinquent debts to Treasury FMS when required or earlier, if appropriate to enhance the probability of collection. After debts are referred to Treasury, FMS will take appropriate action to enforce collections in accordance with applicable statutes and NSSC will terminate collection activities on referred accounts.

D.3.1 A debt is eligible for referral to FMS for cross-servicing if the debt is:

- a. Past due.
- b. Legally enforceable.
- c. Owed by an individual or entity (including a state or local government) other than a Federal agency.
- d. Twenty-five dollars or more (including interest, penalties and administrative costs).
- e. At least 60 days prior to referring the debt to Treasury, a demand for payment has been sent to the debtor along with notification that the debt will be referred to Treasury for collection. The notification letter must include the debtor's rights. Treasury FMS Managing Federal Receivables Guide, Appendix 8, contains a list of information must be provided to the debtor prior to referring the debt to Treasury. The debt certification must accompany each debt or group of debts referred to Treasury.

D.3.2 Exceptions from Mandatory Referral of Delinquent Debt to Treasury for Servicing.

a. A debt is not eligible for referral to FMS for cross-servicing if the debt is:

- (1) Not past due or legally enforceable.
- (2) Owed by a debtor who has died.
- (3) Owed by a debtor who has filed for bankruptcy protection or the debt has been discharged in a bankruptcy proceeding.

(4) Owed by a Federal agency.

(5) The subject of an administrative appeal, until the appeal is concluded and the amount of the debt is fixed.

(6) Less than \$25 (including interest, penalties, and administrative costs).

b. NASA is not required to refer a debt to FMS for cross-servicing if the debt is:

(1) Delinquent for 180 days or less (however, an agency may send such debts to FMS if they are otherwise eligible for referral).

(2) In litigation, that is, the debt has either been referred to DOJ for litigation, or is the subject of proceedings pending in a court of competent jurisdiction, including bankruptcy and post-judgment matters.

(3) In foreclosure, that is, the debt is secured by collateral that is being foreclosed, either through a court proceeding or non-judicially.

(4) Scheduled for sale within one year under an asset sales program approved by OMB.

(5) At a private collection agency with the approval of FMS.

(6) At a Treasury-designated debt collection center.

(7) Expected to be collected from payments issued to the debtor by the creditor agency within three years of the date of delinquency (commonly referred to as "internal offset").

(8) Less than \$100 and the Agency is unable to obtain the debtor's taxpayer identifying number.

(9) Otherwise exempt from the statutory referral requirement by law or official action of Treasury.

Appendix E. Referral of Debt to the Department of Justice (DOJ) for Litigation

E.1 If, after deducting the amount of any partial payments or collections, the principal amount of a debt exceeds \$100,000, or such other amount as the Attorney General may direct, exclusive of interest, penalties, and administrative costs, the authority to suspend or terminate rests solely with DOJ.

E.1.1 In consultation with NASA Office of General Counsel, if the Center believes that suspension, compromise, or termination of any debt in excess of \$100,000 may be appropriate, the Center shall refer the debt to the Civil Division or other appropriate litigating division in DOJ, using the Claims Collection Litigation Report (CCLR). The referral should specify the reasons for NASA's recommendation.

E.1.2 In consultation with NASA Office of General Counsel, if, prior to referral to DOJ, a Center determines that a debt is plainly erroneous or clearly without legal merit, the Center may terminate collection activity regardless of the amount involved without obtaining DOJ concurrence.

E.2 Debts may be referred to DOJ in accordance with the provisions of 14 CFR 1261.417, OMB Circular No. A-129, and the authorities cited in 14 CFR 1261.402. In consultation with NASA Office of General Counsel, cases of fraud may be sent to DOJ at anytime. Debts referred to Treasury for collection will be referred to DOJ as appropriate by Treasury. DOJ will only accept debt that is at least \$2,500. The Short Form CCLR may be used for referring claims between \$2,500 and \$5,000, including interest, penalties, and administrative costs. Centers have the option of referring delinquent Federal employee accounts to DOJ to obtain a judgment in accordance with Section 124 of Public Law 97-276. This provision allows DOJ to collect 25 percent of the employee's salary after a judgment is obtained, as compared to the 15 percent limit under the salary-offset authority.

E.2.1 In consultation with NASA Center Counsel's Office, Centers shall:

a. Promptly refer delinquent accounts to DOJ as soon as there is evidence that the debt is collectible and that full or partial recovery of the debt will be best achieved through litigation.

b. Send claims to DOJ when all efforts and administrative processes are completed and the debt remains delinquent and legally enforceable.

c. Set up a system to ensure that each CCLR prepared by the Center includes:

(1) Name of debtor, address, Tax Identification Number (TIN), current place of employment, and salary of debtor, all of which has been verified within six months of the referral (e.g., by financial statement or credit report).

(2) Evidence that the debtor has ability to pay a judgment (employment data, property, other income), or the potential to repay and a judgment is needed to protect the Government's interest (an exception is the referral of cases solely to obtain clear title to a property that has no possibility for repayment).

(3) A certificate of indebtedness.

(4) A TIN for each debtor, individual, and/or organization including personal guarantors of the debt.

(5) A credit report, for each debtor, that is less than six months old at the time of referral.

- d. In consultation with the DOJ, establish a system to account for cases referred to and returned from DOJ. The TIN will be the common identifier for each debt in referring cases to DOJ. DOJ will use the TIN number for case tracking and reconciliation. Periodic follow-ups should be made with DOJ to ascertain the status of litigation.
- e. Participate in the DOJ private attorney program by identifying and then accelerating case referrals through DOJ's Central Intake Facility to those districts where the U.S. Attorney offices contract with private law firms. Upon receipt of the CCLR, a U.S. Attorney is to file suit within 45 days unless the debtor has come forward with a voluntary payment. Collection efforts should cease once a case has been referred DOJ. The appropriate U.S. Attorney, or DOJ attorney, must be notified of exceptions and permit continued collection activity by an agency. "Continued collection activity" does not include agency attorneys appointed Special Assistant United States Attorneys. The DOJ shall notify the referring Center within 60 days of the closing of a case.
- f. Stop the use of any collection activities and refrain from further contact with the debtor once a claim has been referred to DOJ, unless the DOJ agrees to allow the debtor(s) to remain in Treasury Offset Program or offset while the DOJ pursues other legal remedies.
- g. Centers must promptly notify the DOJ of any payments received on a debtor's account after referral of the claim for litigation.

Appendix F. Compromise, Suspend, or Terminate Debt Collection Activity

F.1 Compromise of Debt

F.1.1 With consideration to the following, NASA officials may consider compromise payment by suffering the debtor not to pay the entire amount, by waiving payment, or by discontinuing or terminating collection activities.

F.1.2 Compromise may be considered if NASA cannot collect the full amount because of:

- a. The debtor's inability to pay within a reasonable time.
- b. The refusal of the debtor to pay the claim in full.
- c. The Government's inability to enforce collection in full within a reasonable time.

F.1.3 Personal Interviews. In the event of compromise, collection agents shall undertake personal interviews with its debtors whenever feasible, having regard for the amounts involved and the proximity of agency representatives to such debtors to effect compromise.

F.1.4 Amount of Debt. NASA may compromise debt of \$100,000 or less (14 CFR 1261.414.a). Collection agents shall recommend approval of compromises to the Center Director or the official designated by the Center Director in accordance with 14 CFR 1261.402-403. When the claim (exclusive of interest, penalties, and administrative costs) exceeds \$100,000, NASA must get DOJ's approval prior to accepting the compromise. The debt shall not be subdivided to stay within the \$100,000 limit. Request and approval of compromise shall be tracked in NASA's Integrated Financial Management System.

F.1.5 Other factors to consider are the precedent collecting or failure to collect would have on other cases, and the cost of collection.

F.2 The Authority to Compromise, Suspend, or Terminate Collections of Debt Less than \$100,000

F.2.1 Following consultation with NASA legal counsel for the particular installation, the compromise, termination, or suspension of debts up to \$100,000 exclusive of interest and related charges may be approved as follows:

- a. For field installations, the Director of the Installation or a designee who reports directly to the Installation Director.
- b. For Headquarters, the Associate Administrator for Management or a designee who reports directly to the Associate Administrator for Management.
- c. Copies of designations, if any, issued pursuant to this authority must be sent to the Director, Financial Management Division, NASA Headquarters.

F.2.2 The authority identified in the preceding paragraph is qualified as follows:

- a. With respect to claims against contractors or grantees arising in connection with contracts or grants, the approving official must consult with the contracting officer and the financial management officer of the installation concerned prior to issuing a determination.
- b. With respect to claims against commercial carriers for loss of or damage to NASA freight

shipment, the approving official must consult with the cognizant transportation officer or the official who determined the amount of the claim, as appropriate, and the financial management officer of the installation concerned prior to issuing a determination.

c. With respect to claims against employees of NASA, incident to their employment other than the repayment of overpayments of erroneous payments of pay and allowances, travel, transportation, and related expenses, the approving official must consult with the personnel officer and the financial management officer of the installation concerned prior to issuing a determination.

Appendix G. Internal Revenue Service (IRS) Form 1099-C, Cancellation of Debt, Reporting

G.1 Internal Revenue Service (IRS) Form 1099-C, Cancellation of Debt. The IRS recognizes amounts of closed-out debts as potential taxable income for debtors classified as individuals, partnerships, and sole proprietorships. Generally, when collection actions are terminated and the outstanding debt meets the minimum dollar threshold, currently \$600 or more, a Tax Form 1099-C must be completed and forwarded to the customer and to the IRS after the calendar year end. Debts closed out shall be recorded with debtor identifying information in an IRS referral log, accumulated for the calendar year, and forwarded to the IRS on IRS Form 1099-C.

G.2 IRS Form 1099-C Reporting Criteria. The NASA Shared Services Center (NSSC) should consult IRS regulations to determine whether IRS Form 1099-C reporting is required. The following is a description of some of the general rules that apply to IRS Form 1099-C reporting:

- a. A debt must be reported after all collection efforts have been exhausted; there is no obligation to wait to report a debt until the statute of limitation has expired.
- b. Amounts greater than \$600 must be reported; amounts less than \$600 may be reported.
- c. In addition to the principal amount owed, administrative costs and interest must be reported.
- d. Amounts discharged in a Title 11 bankruptcy case are not to be reported; the bankruptcy must be documented in the files.
- e. In cases other than Title 11 bankruptcy, a Center must not report amounts discharged to the extent that the debtor is insolvent (i.e., liabilities exceed assets). For example, if a debtor owes \$100 and his liabilities exceed his assets by \$25 (i.e., negative net worth of \$25) before the debt is discharged; \$75 must be reported upon the discharge. The files must document that a debtor is insolvent through an assets/liabilities analysis certified by the debtor as correct under penalties of perjury.
- f. If the debt is compromised because (1) the debtor is unable to pay the debt within a reasonable period of time or refuses to pay the debt in full and the Government is unable to enforce collection in full within a reasonable time or (2) the cost of collecting the claim does not justify the enforced collection of the full amount, then the amount discharged in the compromise is reportable. If the debt is compromised because there is real doubt as to the Government's ability to prove its case in court for the full amount claimed, then the amount discharged in the compromise should not be reported.
- g. The debtor shall be provided a copy of Form 1099-C or a written statement of the impending 1099-C report by January 31 of the year following the determination that no further collection action will be taken on the debt. The 1099-C shall be sent to the IRS by February 28 of that same year.
- h. As this reporting requirement is not a statutory one, a Center should not report on Form 1099-C if the reporting of such information is determined to be prohibited by a Federal law. For debts being cross-serviced by Treasury, Centers should indicate on the Treasury's FMS Agency Profile Form that Treasury should send Form 1099-C's to the IRS for debts that are closed out. Shortly after calendar year-end, Treasury will send each Center a list of debts returned as uncollectible. Centers will send Treasury confirmation of debts written off so Form 1099-C's can be sent. Centers may reinstitute collection action on closed-out accounts if there is subsequent evidence that a debtor has new ability to pay.

Appendix H. Invoice Preparation

H.1 Preparation

H.1.1 Invoices will adhere to the following:

- a. An invoice, for either an actual or estimated amount, will be prepared and mailed within 5 business days after the day that goods have been shipped or released, services have been rendered, or payment is otherwise determined to be due. Invoices may be prepared and mailed later than the 5-day timeframe if it is cost effective to do so.
- b. Invoices for amounts due under ongoing reimbursable agreements are to be issued at the end of each month based on the cumulative unreimbursed costs incurred as of the end of the month.
- c. The invoice will include a payment due date that will not be more than 30 days from the date of the invoice, unless otherwise provided by law.

H.2 Other Information to be Included on Bills

H.2.1 Payment should be made to "NASA," not a NASA official.

H.2.2 In accordance with Treasury instructions, the bill should be imprinted or stamped with a notification such as:

- a. The payment due date is 30 days from the date of this bill. Pursuant to 31 U.S.C. § 3717, additional charges will be assessed on payments received after the due date, including:
- b. Interest at _____%, from the date the debt is owed.
- c. Administrative charges.
- d. Penalties, not to exceed 6 percent per year on any portion of the debt delinquent for more than 90 days, accrued from the date the debt became delinquent. The integrated financial management system will be used to prepare the invoice and bill for non-federal organizations to be printed for mailing.

H.3 Employee Debt

H.3.1 When a NASA employee owes a debt, the employee must be sent a bill for collection or request for payment. If the debt is not paid within 30 days, the Center must issue a demand letter that must include notification that NASA will collect the debts via salary offset if the debt is not paid within 30 days. The notification and the demand letter must conform to the requirement in 14 CFR 1261.6.

H.4 Reimbursable Work

H.4.1 Invoices and bills to Federal agencies are prepared in NASA's integrated financial management system and electronically interfaced to the IPAC system for subsequent electronic transmission through Treasury and to the other agency. Whenever possible, invoices to other Federal agencies should be processed through the integrated financial management system IPAC interface

for collection. Additional guidance concerning billing requirements for reimbursable work is included in NPR, 9090.1, "Reimbursable Agreements".

H.5 Other Billing Requirements and Guidelines

H.5.1 General Requirements.

H.5.1.1 A consolidated monthly bill should be sent to each debtor in order to lessen the volume of paper and accounting work involved, unless the unpaid dollar amount is so small that preparing and issuing a bill would not be cost effective and there is ongoing work on the reimbursable agreement.

H.5.1.2 A uniform numbering system should be maintained for all bills tendered.

H.5.1.3 A filing system should be established to separately identify uncollected bills and collected bills.

H.5.1.4 A bill register should be maintained for all bills issued. The bill register should include the date of the bill, the bill number, the name of the debtor, the amount of the bill and a description. The integrated financial management system provides for automated mechanisms to do this.

H.5.2 Requirements for Specific Types of Debt.

H.5.2.1 Bills will not be issued when collections are to be made by payroll deductions.

H.5.2.2 The collection of jury duty fees can normally be accomplished without formal billing. Employees serving on jury duty should be informed to refund jury duty fees received, if applicable, upon return to work. The pay records of employees serving on jury duty shall be annotated so that proper follow-up actions can be taken to ensure the refund is received.

H.5.2.3 Each Center's financial management office will establish a system of review to ensure that travel advances are recovered. This is a function performed in the travel office and covered by NPR 9700.1, "Travel".